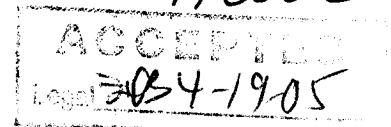


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April 19, 2005

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Suite 100
Columbia, SC 29210

RE: Application of Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., etc.
(SCPSC Docket No. 2000-366-A)

Dear Mr. Terreni:

Please find enclosed the original and 10 copies of the Settlement Agreement of today's date by which the South Carolina Office of Regulatory Staff and Chem-Nuclear Systems, LLC, a Divisions of Duratek, Inc., have resolved the principal issues between them with respect to this Docket. Please file the Settlement Agreement in accordance with the Commission's rules of practice and procedure.

Chem-Nuclear will summarize the terms of the settlement Agreement in the testimony of Regan E. Voit, its President, during the hearing before the Commission on Thursday, April 21, 2005.

By copy of this letter, I have provided a copy of the Settlement Agreement to all Parties of record.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Very truly yours,


Robert T. Bockman

RTB/yms

Enclosure

The Honorable Charles L.A. Terreni

April 19, 2005

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cc: All Parties of Record (w/ enclosure)

BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. 2000-366-A

IN RE: Application of Chem-Nuclear Systems,)
LLC, a Division of Duratek, Inc., for)
Adjustment in the Levels of Allowable)
Costs and for Identification of Allowable)
Costs)
_____)

**SETTLEMENT
AGREEMENT**

This Settlement Agreement is made by and between Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., (“Chem-Nuclear” or “Company”) and the South Carolina Office of Regulatory Staff (“ORS”), with respect to the Application for Chem-Nuclear Systems, LLC – Fiscal Year 2004-2005 (“Application” or “Proceeding”) pending before the South Carolina Public Service Commission (“the Commission”) in SCPSC Docket No. 2000-366-A.

WHEREAS, Chem-Nuclear filed an Application, dated September 27, 2004, in this docket by which Chem-Nuclear requested the Commission to identify certain “allowable costs” for the Company’s fiscal years 2003-04 and 2004-05, in accordance with the provisions of S.C. Code Ann. §§48-46-10 et seq. (1976), as amended, and with the Commission’s rules and regulations; and

WHEREAS, in compliance with the Commission’s directives, Chem-Nuclear has prefiled its intended direct testimony and exhibits in support of the identification of the “allowable costs” for which the Company’s Application seeks approval; and

WHEREAS, the ORS has prefiled its intended testimony and exhibits relative to this proceeding also in compliance with the Commission’s directives; and

WHEREAS, the Company and the ORS have proposed different treatment with respect to two (2) expenses which Chem-Nuclear has proposed for identification as “allowable costs” in this proceeding; and

WHEREAS, Chem-Nuclear and the ORS believe that it is in their best interests and those of the State of South Carolina to resolve the differences between their respective positions concerning the issues relating to this Application in order to avoid the additional expense and effort which the litigation of their positions would occasion in this proceeding.

WHEREFORE, Chem-Nuclear and the ORS have agreed as follows:

1. That the ORS will withdraw its Accounting Adjustment No. 5 as depicted in Exhibit A and described in Exhibit A-1 attached to the prefiled testimony of Jay R. Jashinsky, CPA, Director of Auditing for ORS in this proceeding. As a consequence of that withdrawal, ORS will accept Chem-Nuclear's proposal to identify \$892,551.00 as the allocated Corporate General and Administrative expense for fiscal year 2003-04.

2. That Chem-Nuclear will accept the proposal of the ORS as described in the prefiled direct testimony of Mr. Jashinsky in this proceeding for treatment of the costs for site modification for the construction of the "Western Swale Project" as a capitalized expenditure for the purposes of determining depreciation as an "allowable cost." The Parties agree that the appropriate useful life of the Western Swale Project is a three-year period beginning July 1, 2005 and ending June 30, 2008.

3. Chem-Nuclear and the ORS will acknowledge their concurrence with the terms of this Settlement Agreement in the presentation of the summaries of their direct testimony during the hearing before the Commission on April 21, 2005.

4. Chem-Nuclear and the ORS will amend their prefiled exhibits to the extent necessary to reflect their concurrence with the terms of this Settlement Agreement and offer those amended exhibits as evidence in the Commission's hearing.

5. Upon execution of this Settlement Agreement, Chem-Nuclear will file an original of this Settlement Agreement with the Commission and serve a copy of it upon all parties of record in SCPSC Docket No. 2000-366-A.

IN WITNESS WHEREOF, Chem-Nuclear and the ORS have caused this Settlement Agreement to be signed and sealed this 18th day of April 2005, by their duly authorized representatives.

SIGNATURE PAGE FOLLOWS

ATTEST:

Deborah G. Ogilvie

CHEM-NUCLEAR SYSTEMS, LLC,
A DIVISION OF DURATEK, INC.

BY:

Ryan E. Vait

TITLE:

President

ATTEST:

Cindy Clary

THE SOUTH CAROLINA OFFICE OF
REGULATORY STAFF

BY:

Debra P. Martin

TITLE:

Staff Attorney